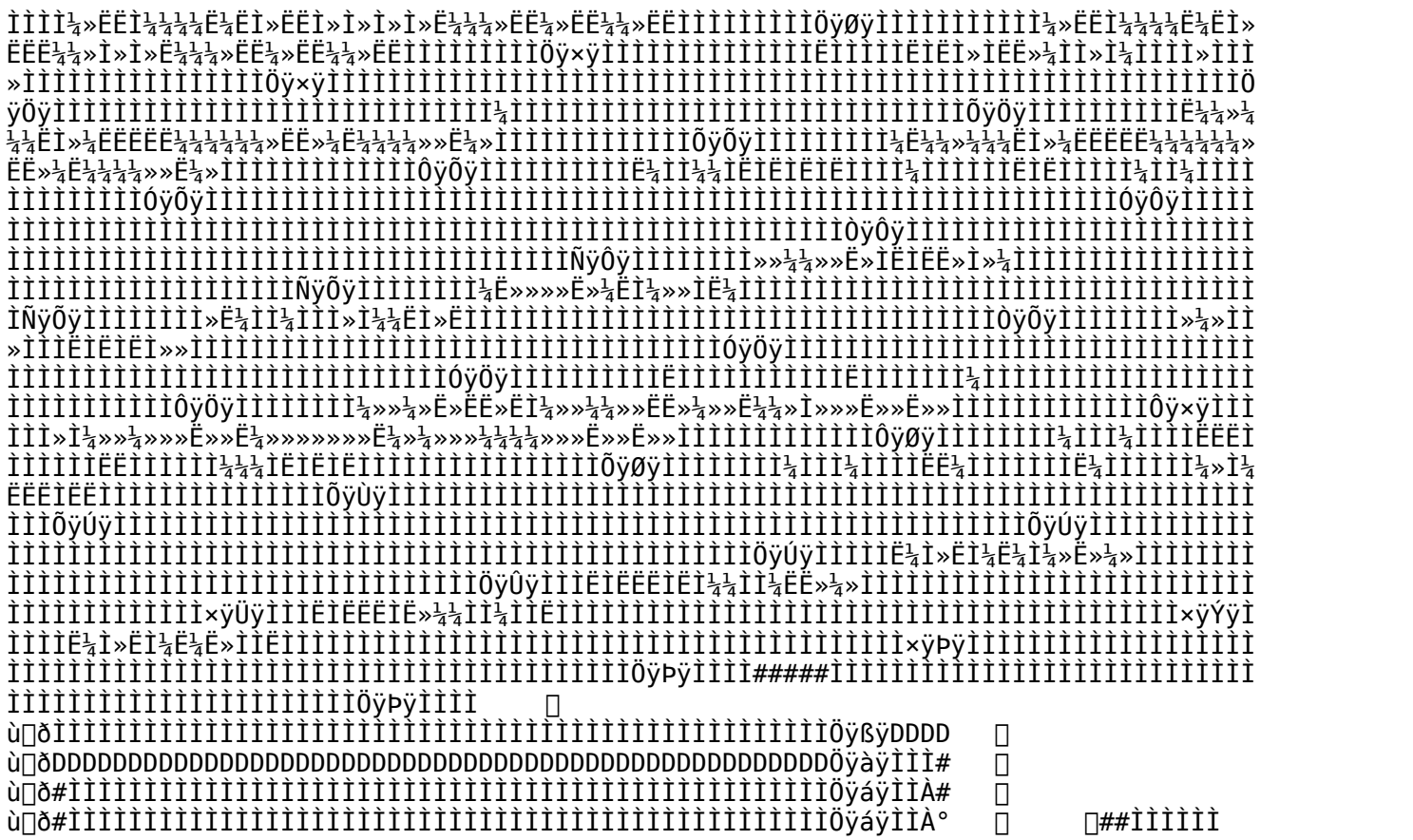

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ûf#ó#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#########4###DCMC TasksImplement Progress Payment Distribution Effective 1 Oct 97Identify distribution of payments for contracts issued prior to 1 Oct 97 with fewer than 5 progress payments.Administer payments to revised DFARS coverage on contracts issued on or after 1 Oct 97. Identify impact of implementation to DDP

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BackgroundIssue originated in 1992 IG review of progress payments on Titan IV.IG found that payments were not charged to CLINs/ACRNs reflective of where work was performed and this was in conflict with anti-deficiency act requirements.DFARS Case 97-D011 initiated requiring inclusion of one of four possible distribution methods in contract payment instructions.

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S#ÿÿ####ÿÿ#####ÿ#ÿÿd#########d#########I###Background (continued)23 July 1997, Dr. Hamre issued memos to DFAS and DDP. Effective 1 Oct 97, Contracting Officer or CAO to provide distribution for progress payments by CLIN/SLINDDP issued memo 6 August, 1997, restating requirements of Hamre memos and indicating that the DFARS change should be in place by 30 September 97.o

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##ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#########<###Identification of implementation requirementsOn 13 & 14 August, we assembled a task force of ACOs, FASST team members, and a DFAS representative to address implementation.The group identified possible changes to existing processes; impacts to automated systems, effects on cycle time and implications to resources.

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      ³#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d############Actions Required Prior to 1
October Implementation Seek Policy Clarification From OSDIdentify Changes to
Automated SystemsIssue Policy LetterDevelop and Provide Training#
```

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3#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#############Policy Clarification We desire clarification in two areas:That providing progress payment distribution instructions is part of the PCO function of developing contract terms and conditions, not part of the ACO function of administering progress payments.The DDP memorandum indicates that progress payments will be administered and loss ratios applied, at the total contract level. What will happen when the distribution indicates there are insufficient funds in an individual ACRN, but funding is sufficient for the total contract ?t

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s#ÿÿ####ÿÿ#####ÿ□#ÿÿd#########d#########{###Impact of Implementation MethodologyThe Process Task Force identified and charted changes to the progress payment process and processing times. Data from PLAS and MOCAS were obtained on volume of payments, contracts, API, EDI and labor expenditures.Based on this data, an estimate of number of effected actions and increased hours for each process or sub-process were created.

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XÌ#########Ì#####2##□##ªö□üV  s###############□#ÿÿd#########d#########□###Impact of
Implementation(continued)Process Impact         Current Process      New ProcessAPI
                  54%                0%EDI              30%               0%ACO
Processing  20%               100%#
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Impact of Implementation(continued)Cycle Time (Prompt payment states 14 days)Minimum Impact 4 daysMaximum Impact will exceed 14 daysResourcesFY 98 estimate is an additional 152 FTEsFY 99 estimate is an additional 222 FTEs#

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Impact of Implementation(continued)AutomationMajor changes to SPS/DPPS requiredEDI transaction set for progress payment needs to be changed to allow for inclusion of CLIN/ACRN data.MOCAS changes will have to be evaluated on possible benefit compared to cost.

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Possible recommendations of Progress Payment Simplification Working GroupAdoption of CLIN/ACRN IPT recommendations.Use of ACO Notebook function could provide automation work around.

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Recommendations:Issue letter to DDP requesting clarification of policy.Provide impact to DDP.Continue to work with DDP and DFAS on final guidance.Issue information letter providing heads-up to field.Issue policy letter when final guidance is provided.Develop and provide training as quickly as possible.#

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